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FM AMEMBASSY DAMASCUS
TO RUEHC/SECSTATE WASHDC PRIORITY 6772
INFO RUEHFR/AMEMBASSY PARIS PRIORITY 0652
RUEHLO/AMEMBASSY LONDON PRIORITY 0691
RUEHRL/AMEMBASSY BERLIN PRIORITY 0200
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
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C O N F I D E N T I A L DAMASCUS 000628

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E.O. 12958: DECL: 08/27/2019

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SUBJECT: SYRIAN AIR TO LEASE RUSSIAN-MADE AIRCRAFT

Classified By: Charge d'Affaires Chuck Hunter for reasons 1.4(b,d)

Summary

¶1. (SBU) The semi-independent daily newspaper al-Watan reported August 25 that Syrian Air has completed the legal and technical negotiations for the lease, with the option to buy, of two TU 204 aircraft to be delivered in early May 2010. Due to Syrian Air's inability to procure new Airbus or Boeing aircraft as a result of U.S. sanctions, the airline is looking to Moscow and Tupolev aircraft as an alternate source of supply. The delegation will submit its recommendations to the Ministry of Transport for final decision. End summary.

Syrian Air to Purchase Tupolev Aircraft?

¶2. (SBU) Local media reported that a delegation from the Ministry of Transport and Syrian Air went to Moscow on August 19 to resume negotiations on the leasing or purchasing of TU 204 and TU 214 Russian aircraft. According to al-Watan, Director General of Syrian Air Ghaida Abdullatif announced on August 24 that legal and technical negotiations had been completed for leasing, with an option to buy, two TU 204 aircraft, to be delivered in early May 2010. The delegation will submit its recommendations to the Ministry of Transport for final decision. Al-Watan reported the two TU 204 airplanes are new, have advanced navigation equipment to comply with EU requirements, and are configured to accommodate 164 economy-class and 12 business-class passengers.

"There Are Alternatives"

¶3. (SBU) Syrian Air had signed an MOU with Airbus for the purchase of 14 airplanes with different capabilities. Under the MOU signed with Syrian Air, Airbus was to obtain the necessary U.S. export licenses. Since Airbus thus far has been unable to obtain these licenses Syrian Air decided to pursue the Russian option. (Note: It is Post's understanding that the SARG was notified by Airbus of the receipt of

Commerce's Intent to Deny letter. Airbus and the SARG, however, are awaiting the final response from Commerce to Airbus, rebuttal of that letter. End Note.) An unnamed source at Syrian Air was quoted by al-Watan as saying the airline "would not wait forever" for the export licenses and would not allow the licenses to become a "bargaining chip" - if the U.S. refuses to issue the licenses, "there are alternatives," the source said.

Russian Planes Not Option for Charter Air - Yet

¶4. (C) An Embassy source familiar with aviation issues in Syria, Kamal Abou-Shaar (strictly protect), was unsurprised by news of the pending lease of Russian aircraft by Syrian Air. He assessed that the dilapidated state of the airline's current fleet required drastic action on their part in order to survive. Abou-Shaar, however, said the logistics and maintenance issues arising from the addition of two Russian aircraft to a fleet of Airbus and Boeing planes could cause some unexpected complications for Syrian Air. In addition to having to establish a new logistics supply-chain to Russian suppliers for both repair parts and ground-support equipment, there would be tremendous staffing issues - qualified pilots, maintenance personnel, ground support staff - which will also need to be addressed.

¶5. (C) Abou-Shaar opined that, while Syrian Air is probably a big enough organization to overcome these obstacles, charter airlines or upstart airlines would be unlikely to follow suit until Syrian Air had successfully integrated these planes into their fleet and established fully functional maintenance and logistics support operations that could be contracted by other airlines. Although the two TU 204 planes are reported to have advanced navigation equipment to comply with EU requirements, Abou-Shaar questioned whether the planes were really certified to fly to EU countries. He speculated that Syrian Air would use them only to fly internal or regional routes.

¶6. (C) Comment: The lease of only two Russian aircraft by Syrian Air appears to be a stop-gap measure taken to address an immediate need for air-worthy aircraft. The funding source for the lease/purchase of these two planes is currently unknown. The SARG and Syrian Air appear still to be hopeful that a future lessening of sanctions will open the way for them to purchase replacement aircraft from Western manufacturers. End Comment.

HUNTER